Information Services Industry Trends

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MS-2

Notes

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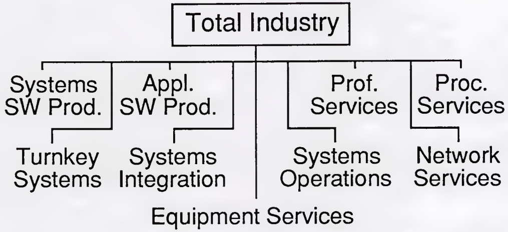
Information Services Industry Structure



IS-2

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Notes

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Information Services Market

- Major Trends
  - Slow rebound from U.S. recession, 1991-1992
  - Information services growth rate—12% to 15% per year

IS-3a

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Information Services Market

- Major Trends
  - Growing acceptance of standards, open systems
  - Systems complexity fuels need for vendor expertise

IS-4a

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Notes

Information Services Market

- Major trends
  - Shift to client/server gaining momentum
  - Outsourcing acceptance increasing

IS-4c

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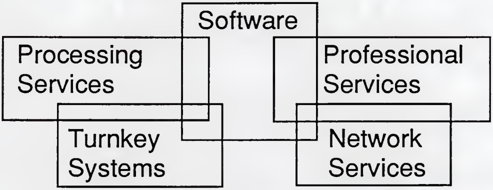
IS Market Structure—1980s
INPUT's View



IS-10

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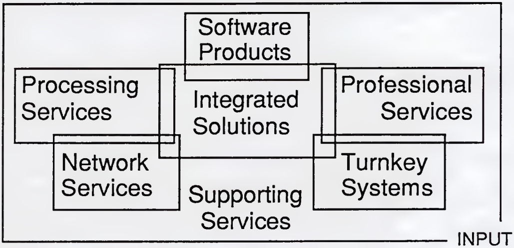
Information Services Market Structure—1990s

Emphasis on Supporting Services



IS-11

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Market Forecasts

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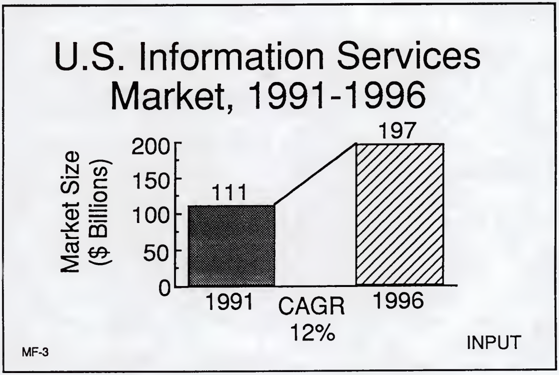
MF- 1

Notes



Notes

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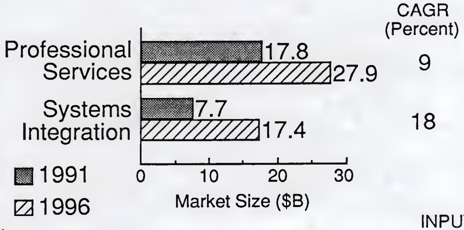
U.S. Information Services Market, 1991-1996



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MF-4a

Notes

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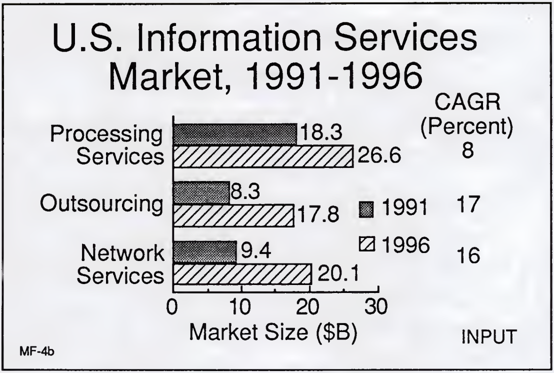
U.S. Information Services
Market, 1991-1996
CAGR
(Percent)
Processing
Services
18.3
26.6
8
Outsourcing
8.3
17.8
17
Network
Services
9.4
20.1
16
1991
1996
0
10
20
30
Market Size ($B)
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MF-4b

Notes

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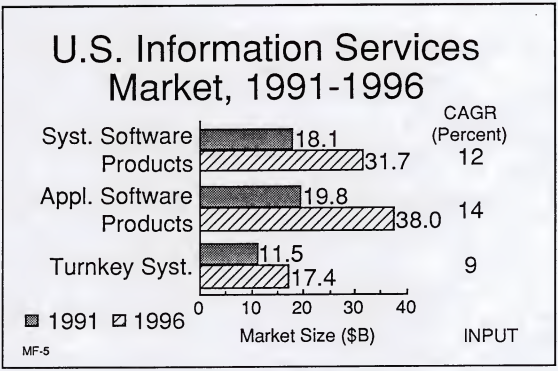
U.S. Information Services Market, 1991-1996
CAGR (Percent)
Syst. Software Products
18.1
31.7
12
Appl. Software Products
19.8
38.0
14
Turnkey Syst.
11.5
17.4
9
1991
1996
0
10
20
30
40
Market Size ($B)
INPUT
MF-5

Notes

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Software Products

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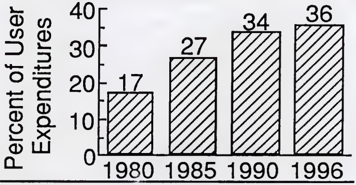
MPRE-407

Notes

Software Products Portion of Information Services, 1980-1996



$ Billions	1980	1985	1990	1996
Software Products	3	13	34	70
Total Information Services	17.0	49	100	197

SP-18

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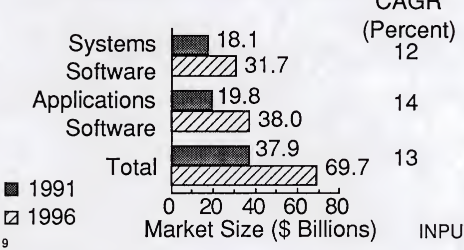
U.S. Software Products Market, 1991-1996



SP-19

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Notes

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Systems Software Products

SP-157

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Notes

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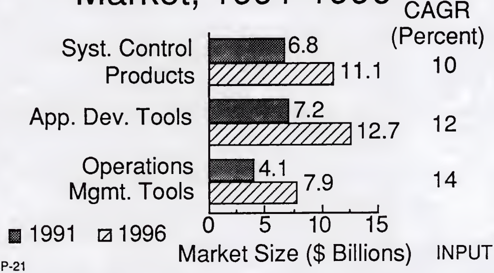
Systems Software Products Market, 1991-1996



SP-21

Notes

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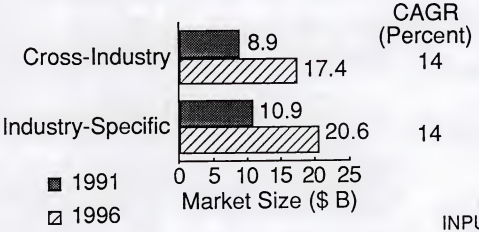
Applications Software Products

SP-116

Notes

U.S. Applications Software Products Market, 1991-1996



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Notes

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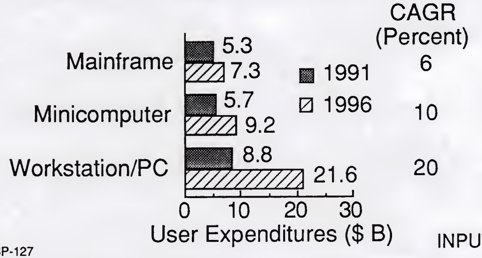
Applications Software Products Market, 1991-1996



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Notes

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Applications Software Products

Driving Forces

- New technologies
- New products
- Customer emphasis on productivity improvements
- Pent-up demand for new products

SP-117

Notes

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Applications Software Products

Growth Inhibitors

- Maturity of traditional products
- Slowdown in hardware sales
- New products still being developed
- Customer confusion

SP-118

Notes

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Applications Software Products

Shifting Technology Foundation

- Standards
- Downsizing and client/server
- Networking and integration
- Distributed data

SP-119a

Notes

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Applications Software Products

Shifting Technology Foundation

- Graphical user interface
- Imaging
- Engineered/re-engineering software

SP-119b

Notes

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Applications Software Products

User Survey

- 24% budget increase for 1992
- Mainframe-based spending declining; workstation/PC-based spending increasing
- More cross-industry spending

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Notes

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Professional Services

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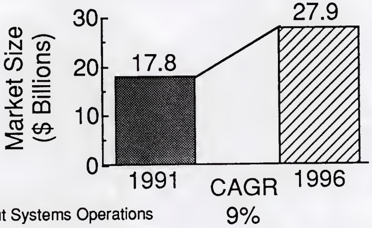
PF-1

Notes

U.S. Professional Services Market,* 1991-1996



* Without Systems Operations

PF-11

Notes

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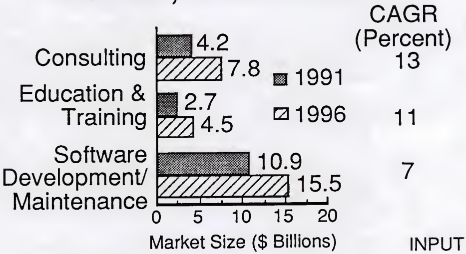
U.S. Professional Services Market, 1991-1996



PF-12

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Notes

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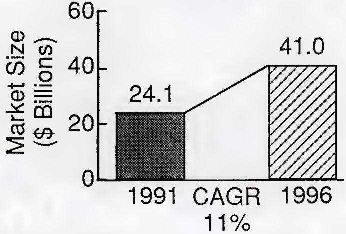
U.S. Professional Services
All Market Sectors



PF-66

Notes

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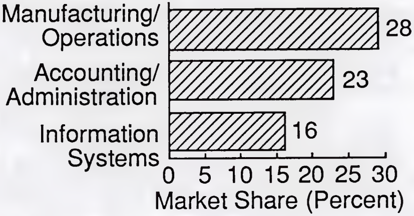
Professional Services Expenditures by Area



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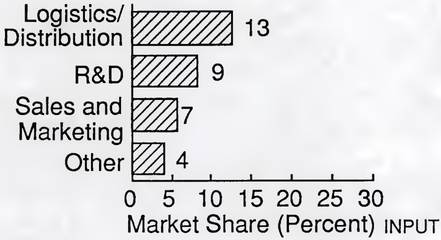
PF-14

Notes

Professional Services Expenditures by Application Area



PF-15

Notes

New Professional Services

- Application maintenance
- Application management
- Re-engineering management

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PF-24

Notes

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Opportunities and Recommendations

- Specialize
- Develop alliances within other delivery modes
- Enhance education and training offerings
- Follow standards and regulatory processes
- Monitor new technologies

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PF-19

Notes

Downsizing Revolution

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ID- 59

Notes

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Downsizing

- Enabled by technology
- Driven by organization factors
  - Positive, ownership
  - Negative, failures

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MACFC-PAC-3

Notes

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IS Environment

"Old" Traditional	"New" Downsized
Mainframe	Client/server
Shared	Dedicated
Remote	Local
IS operated	User operated

ID-96

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Notes

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Documenting the Downsizing Trend

CIO survey results show

- 80% have identified target applications suites
- 40% have projects or pilots underway

...A significant opportunity exists!

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Notes

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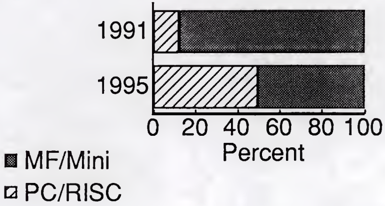
Platform Trends

Production Applications



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Notes

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IS Model for the '90s

Platform	M/F	Mini	Micro/WS
User	Cent. IS	Dept. IS Pwr User/User	
Envmt.	Client/Server		
Appl. SW Prod.	Enterprise-Critical	Dept.-Critical	Prodtvty

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ID-126

Notes

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Impact of Downsizing on Software Product Vendors

- What's changing?...Everything!
- Who's affected?...Everyone!

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ID-129

Notes

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Application SW Product Vendors

Attributes	Old	New
Features	Fixed	Constantly adding
Updates	Infrequent	Frequent
Sales	Field	Direct/indirect
Cost of sales	Labor bias	Advertising bias
Price	$10,000+	$100+
Customers	100s	100,000s

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ID-130

Notes

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Key Opportunities for Vendors

- "Desktop services"—support and transition mgt.
- Distributed integrated platform offerings *(integrated workstation/ LAN/OS environments)*

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Notes

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Key Opportunities for Vendors

- Transition management services
- Applications software products/ development *(distributed environments)*

ID-114b

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Notes

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Key Moves for Industry Participants

Class	Opportunity
SI and PS	• SI for downsized environments • Methodology for apps. downsizing • Templates for distributed apps.

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ID-115

Notes

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Key Moves for Industry Participants

Class	Opportunity
Software products	• Distributed integrated platforms (DIP)
Turnkey systems	• Desktop services
	• Apps. development—distributed

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ID-117

Notes

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Competition

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CO-40

Notes

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Andersen Consulting Services Evolution

- Management Consulting
- Professional Services
  - Software Products
    - Systems Integration
      - Systems Management
        - Systems Operations

CO-4

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Notes

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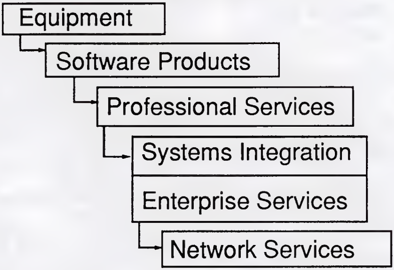
Digital Equipment



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Notes

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EDS

- Systems Operations
  - Systems Integration
    - Processing Services
      - Network Mgmt.
        - Business Operations

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Notes

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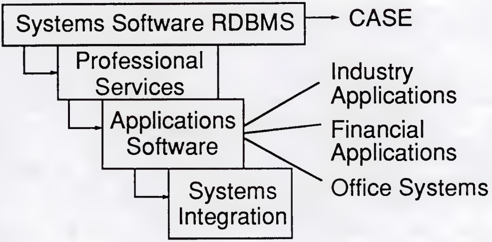
Oracle



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Notes

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IBM Performance

What used to work
doesn't work now

CO-49

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Notes

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IBM—The Positive Points

- A revenue leader in every market
- Immense resources
  - Human
  - Financial
- Worldwide geographic coverage
- Reputation for quality

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CO-33

Notes

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IBM—Market Perceptions

- Inertia—tradition/size
- Product vs. services orientation
- False starts in solution selling
- Organizational positioning
- Lack of vertical focus—business solutions
- Aversion to risk

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CO-32

Notes

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IBM—Recommendations

- Organize for rapid response
- Position as a solution provider
- Refine the art of the deal
- Target the market
  - Cross-industry
  - Vertical

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CO-34

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